

10 MAY 1977

MEMORANDUM FOR THE RECORD

SUBJECT: Notes from Discussion with Senator Culver

Points to get across in '60 Minutes':

- a. Be positive - the positive side of intelligence.
- b. The effectiveness of the oversight procedures and the fact that the Intelligence Community is happy with them.
- c. The dedication of the young men and women.

10 MAY 1977

OUTLINE FOR REFORM OF THE INTELLIGENCE COMMUNITY

1. In the National Security Act of 1947, the Congress established the CIA primarily for the purpose of coordinating the national intelligence effort. Such coordination must be done in both the intelligence function of collecting data and of analyzing and evaluating that data. The record shows that the CIA has not been adequately effective in coordinating either of these functions.

2. Coordination of national collection effort: The CIA has failed here in large measure because the nature of our collecting capability has altered radically in the past 30 years. In 1947, the CIA's clandestine spying activities were a far greater percentage of the national effort than they are today with the advent of satellite reconnaissance and signals intelligence -- which activities are lodged primarily in the Department of Defense. The DoD share of the national foreign intelligence program budget has increased in the past 25 years from ___% to

3. Coordination of national analytic effort: Rightly or wrongly the CIA has come to be perceived as a protagonist rather than a middle-ground and coordinator of the national analytic effort. A sense of rivalry and jealousy has developed between the analytic efforts in Defense, State and CIA to the detriment of the national interest.

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4. One thing is clear and that is that there has been a continuing pressure in the direction of strengthening the role of the DCI, although just how much and how that strengthening should be achieved has never been fully resolved. There have been various levels of effort by individual DCIs to exercise the coordinating powers that have existed. There have been numerous pressures from DCIs, from Presidents and from the Congress to strengthen the hand of the DCI in the coordination process. The latest such effort by a President was Executive Order 11905 signed by President Ford in February 1976. This order, however, did not fully face up to some of the difficult decisions. Specifically, while strengthening the DCI's influence over the budgets of the various components of the Intelligence Community, for instance, it left the DCI only as a Chairman of a committee to determine the national foreign intelligence budget. Ultimate decision authority in the event of an inability to agree within the committee was not delineated.

5. Today, there are three possible choices of action:

a. Retain the present arrangements. It is quite probable that over time with strong and yet cooperative DCIs they will accrete sufficient authority to coordinate the Intelligence Community effectively.

b. Move to the opposite extreme of transferring to the DCI the two principal collection elements in the DoD, the

NSA and the NRO. This would place the three principal collecting elements of the Intelligence Community, NSA, NRO and the clandestine activities of the CIA all directly under the DCI on an equal footing. But with a reasonable and cooperative Secretary of Defense, this could be made to work without unduly jeopardizing the activities of the DoD.

c. Derive some compromise between a. and b. in which the authority of the DCI would be enhanced, but not to the degree of raising the alarms within the DoD which would be done by severance of two of its traditional intelligence elements.

It should be noted that solutions a. and b. above are both highly dependent on the personalities of the DCI and the Secretary of Defense. This is a highly undesirable situation. The conditions under the previous Secretary of Defense and DCI was catastrophically bad and hazardous to the national interest. I therefore recommend a position under alternative c. which would be closer to the DCI control than to the present situation, but with adequate checks and balances to ensure that the interests of both the Secretary of Defense and the Secretary of State were not neglected. In addition, the degree to which the authority of the DCI need be enhanced very significantly between the collection function and the analysis function.

6. New arrangements for the collection function:

a. Budgetary authority: The DCI should be empowered as a final arbiter of a separate committee that submits the national foreign intelligence program budget to OMB, the committee to be composed of the Secretary of Defense, National Security Advisor to the President, and the DCI. The interests of the Secretary of Defense and Secretary of State would be protected by a specific provision that the DCI would, by their request or how own initiative, submit to the President any budgetary decision with impact on our long-term intelligence collection capabilities on which there was substantial disagreement.

b. The DCI would further have authority to receive the monies appropriated by the Congress and a portion of them to the intelligence agencies; to determine whether these monies were being spent as intended; and to evaluate the effectiveness of which they were being spent.

c. Overall management: Since the primary management direction for NSA and NRO should come from the DCI, the DCI should be given authority to hire and fire the program managers of these two sub-agencies. For day to day administrative support they would report to the Secretary of Defense, but that would be their secondary responsibility.

d. Day-to-day operational tasking: Under the present arrangement, the DCI has relatively strong control over the day-to-day operational tasking of all intelligence collection activities other than the Defense Attaches and clandestine human collection activities of the three Services. This authority should be reaffirmed and extended to any clandestine spying activities of the three Services. In order to establish checks and balances that these activities are being conducted in ways which will support the DoD adequately, the following special provisions should also be made:

(1) Recommendations for day-to-day operational tasking would be made by committees for each type of collection. Defense, State and CIA would all be represented on each committee.

(2) The authority for final resolution on committee recommendations would reside either in the DCI or the Secretary of Defense as determined by the President. It would be expected that under normal peacetime conditions the DCI would be the determining authority, but that at any time the President might shift one or all of the collection committees under the authority of the Secretary of Defense.

(3) There would further be provision that under each type of national collection activity some percentage would be suballocated to the Secretary of Defense, with the intent of further suballocation to military commanders in the field in both peace and war. The objective would be to ensure an adequate DoD control over these national assets; to ensure that military commanders had adequate training in tasking national collection assets so that when a greater percentage of those assets' efforts was shifted to the military in time of tension or war they were prepared for it. The percentage to be suballocated would be determined by the appropriate committee and varied from time to time in accordance with international circumstances.

e. Prevention of abuses: To ensure that all collection agencies are responsive to the DCI as intended, and to provide the DCI adequate means of ensuring against illegalities or improprieties in our collection activities, the DCI should be empowered to have an Inspector General with responsibility for all of the collection activities in the DoD and the CIA.

The essence of the above recommended changes would be to reduce the ambiguity of the "two masters" situation which much of the collection

activity presently encounters. The DCI is, in effect, viewed as a "titular" head of the community only because so much of the authority over the program managers is vested with the Secretary of Defense. This leads to the present uncertainties in management and the present difficulties of effecting serious trade-offs. These shortcomings can and are being overcome by goodwill between the DCI and the Secretary of Defense. The issue is whether, if there are sufficient risks of lack of responsiveness to DoD inherent in the above plan, to make it worth perpetuating the ambiguous situation that exists today and is so highly dependent on goodwill.

7. Coordination of analytic effort: The principal analytic agencies are the Bureau of Intelligence and Research of the Department of State, the Defense Intelligence Agency, and the Deputy Director for Intelligence of the CIA. It would be undesirable for the DCI to have unduly strong authority over all three of these agencies because some level of overlap and competitive analysis is highly desirable. What is needed is sufficient authority to ensure the overall direction of the national analytic effort and an adequate amount of coordinated and cooperative effort on estimates and analyses of national import. In short, the chiefs of these analytic activities need a large amount of independence; the DCI needs the opportunity to pass them just enough to ensure that the proper national efforts are being undertaken and that differing viewpoints are represented in national intelligence

products. The NFIB, under the chairmanship of the DCI, should be entrusted to allocate resources to these two _____ (ran out of tape).

a. Contradictory and duplicatory dissemination of analytic materials is a problem that besets the Intelligence Community, particularly with regard to testimony before the Congress. At the same time, it is highly desirable that there be free opportunity for differing views on intelligence analysis and estimating to be made available to the Congress and the President and others. A reasonable median position would be for the DCI to be given responsibility for establishing the basic Intelligence Community position from which all other disseminating intelligence would be required to work - expressing their views as to reasons for deviation as appropriate. With such a common data base, the consumers of intelligence would be able to make comparisons and more readily understand the reasons for differences and, hence, make their own evaluations of which positions were most logical.

8. Structure of DCI organization: Under the arrangements proposed above, the DCI would be operating authority for both the analytic portions of the CIA and the clandestine collection portions; he would have lesser but considerable authority over the collection assets of NSA and NRO; and he would have even lesser authority over the analytic

agencies of DoD and State. The specter of undue CIA influence on the DCI or DCI bias in favor of CIA analysis or collection would continue to exist because of the close relationship. To alleviate this, it would appear preferable to separate the DCI from direct line authority over the elements of the CIA. Both the analytic and collecting elements of the CIA need some directing authority and the DCI needs at least a close connection with the analytic staff if he is to be able to function as the principal intelligence advisor to the President. These considerations would auger for a deputy for analysis who would in turn coordinate the activities of the program managers of DIA, INR and the analytic portion of the CIA. It would be this deputy's function also to keep the DCI adequately informed -- to be the principal intelligence advisor. A second deputy for collection would coordinate the activities of the program managers of NSA, NRO and the collection facilities of the CIA. These two deputies would absorb much of the coordinating authority presently vested in the IC Staff, e.g., various committees on collection and analysis. This would pare that staff down to planning, programming, budgeting and evaluations.

9 MAY 1977

SUGGESTED POINTS FOR THE PRESIDENT TO RAISE WITH
THE SENATE SELECT COMMITTEE ON INTELLIGENCE

1. Legislative Charters.

- a. Willing accept.
- b. Want to work with the Committee to avoid a situation in which the legislative charters become too detailed and tie down the specifics of the intelligence process in too permanent a manner.
- c. Expect to have our proposed changes to Executive Order ready by mid-June.
 - (1) Will discuss with Committee prior to issuing.
 - (2) Hope charters and new Executive Order can be a matching set.

2. Security of Information.

- a. Imperative be able to hold important data.
 - (1) Hope Select Committee can shoulder most of Senate responsibility for oversight of sensitive materials.

3. Open Budget.

- a. Agreed not to object to disclosure of a single budget figure in a desire to be more forthcoming and open and persuaded that only a single figure can be released within the bounds of

security, and prepare to enforce a strict policy on that regard within the Executive Branch.

b. It is now up to the Senate as to what they want to do. Do not want to attempt to dictate to them because of the accompanying responsibility also to maintain a strict adherence to a policy of only one number.

4. Intelligence Oversight Board.

a. Have reconstituted the Intelligence Oversight Board with three capable men. The Chairman has had some experience in the intelligence business and hence will lead a modicum of experience. Senator Gore and Governor Scranton are, of course, citizens with distinguished records for public service.

b. Have elected to disestablish the President's Foreign Intelligence Advisory Board, largely in view of the increased role that the Senate Select Committee is playing in reviewing the intelligence process. I anticipate a continuing and useful dialogue with the Committee and hope that this will, in large measure, substitute for the Advisory Board. In addition, such a board must have access to all of the most sensitive intelligence information. There is always some risk inherent in simply expanding the numbers of people exposed to this kind of information.

5. Electronic Surveillance Bill.

a. This Administration has submitted an Electronic Surveillance Bill which should be effective in preventing abuse of personal liberties of our citizens as a result of improper electronic surveillance.

b. The Attorney General is developing a bill that will similarly prevent abuses of physical surveillance.

c. The Attorney General is also developing legislation to protect the rights of Americans overseas against all forms of surveillance.

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1. Legislative Charters -

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2. Security of Information

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responsibility for oversight of sensitive materials.

3. Open Budget

"As stated by Admiral Turner in his testimony on 27 April, I would not object if the Congress decided to release to the public a single figure for the national foreign intelligence program budget. I do this with the sense of confidence that I would be able to hold the line within the Executive Department to prevent any breakdown of that single figure into its component parts. It is not within my purview to make a similar determination of the ability to prevent an unraveling within the Legislative Branch. It is the responsibility of Congress itself to come to their own conclusion on this basic factor in deciding whether or not to release the figure."

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REMINDER MEMORANDUM

Good item for a Director's Memo would be a reminder of the IOB function.

a. Or a total statement of and the Inspector General.

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b. Suggestion boxes; letters to the Director.